

THESE MINUTES HAVE NOT BEEN APPROVED BY COMMITTEE CHAIR

ADMINISTRATION AND FINANCE COMMITTEE

DATE: February 15, 2005

CALLED TO ORDER: 5:00 p.m.

ADJOURNED: 6:48 p.m.

ATTENDANCE

Attending Members

Joanne Sanders
Vernon Brown
Becky Langsford
Mary Moriarty Adams
Lynn McWhirter
Jackie Nytes
Lincoln Plowman

Absent Members

AGENDA

PROPOSAL NO. 43, 2005 – authorizes Robert J. Clifford as an agent to accept pension liability on behalf of the City of Indianapolis and Marion County

“Do Pass”

Vote: 6-0

PROPOSAL NO. 44, 2005 - rescinds a prior ordinance of the Marion County Income Tax Council and increases the County Option Income Tax rate

“Took no action”

PROPOSAL NO. 64, 2005 – appoints Michael Rodman to the Information Technology Board

“Do Pass

Vote: 4-2

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, February 15, 2005. Chair Joanne Sanders called the meeting to order at 5:00 p.m., with the following members present: Vernon Brown, Lynn McWhirter, Mary Moriarty Adams, Jackie Nytes, and Lincoln Plowman. Becky Langsford arrived shortly thereafter. Also present was Councillor Talley.

Chair Sanders asked for consent to move Proposal No. 64, 2005 before Proposal No. 44, 2005 on the agenda. Consent was given.

PROPOSAL NO. 43, 2005 – authorizes Robert J. Clifford as an agent to accept pension liability on behalf of the City of Indianapolis and Marion County

Mr. Clifford, City Controller, said this is a part of the duties of the City Controller to comply with State law. He said it consists basically of administrative duties.

Councillor Moriarty Adams moved, seconded by Councillor Brown, to send Proposal No. 43, 2005 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 64, 2005 – appoints Michael Rodman to the Information Technology Board

Mr. Rodman, County Treasurer, asked for recommendation to serve on the Information Technology (IT) Board. He said if given the opportunity he would serve on the board to the best of his ability.

Councillor McWhirter said that she did not feel that the Democrat Caucus felt that the County Treasurer needed to be on the IT board a year ago, so she is not sure why they feel the County Treasurer should be on the board now. Councillor McWhirter said she would be voting against this proposal because she believes the Auditor and the Treasurer should both be on this board.

Councillor Plowman asked if someone is being replaced on the board. Chair Sanders said the County Auditor is being replaced. Councillor Plowman asked if complaints have been made on the Auditor’s performance on the board. Chair Sanders said the committee is not here to discuss the performance of the Auditor but to discuss the Treasurer’s appointment on the board.

Councillor Nytes moved, seconded by Councillor Brown, to send Proposal No. 64, 2005 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 4-2.

PROPOSAL NO. 44, 2005 - rescinds a prior ordinance of the Marion County Income Tax Council and increases the County Option Income Tax rate

Chair Sanders said Proposal No. 44, 2005 is sponsored by Councillors Nytes, Talley, Sanders, Gray, Moriarty Adams, Brown, Bowes, Boyd, and Keller. She informed the committee members and the public that this is only a public hearing for Proposal No. 44, 2005 and no vote will be taken at this time.

Councillor Talley said our criminal justice officials are over stressed and under funded. Our jails have been over crowded for the past 30 years, and worst of all, murderers and other dangerous criminals are being put back on the street. He said he does agree with others in saying that the increase in the County Option Income Tax (COIT) is not enough to solve this problem, but it is a good start in the right direction. Councillor Talley said since the early release of criminals in 2001, more than 9,000 offenders have been put back onto the street and five have been linked to homicides following their releases. He said that in 2004 alone, more than 1,500 people were released from jail early. Of those, 238 have committed additional crimes while awaiting trial. Councillor Talley indicated that 31% of criminals released early fail to appear for scheduled court dates.

Councillor Nytes said the city has reached a point where there is a serious public safety and criminal justice challenge facing it. She said the number of tools that the city has available to address this challenge is limited. Councillor Nytes said it is time to turn to another tool that the state has given the city to address the funding needs, which is the COIT. The COIT was adopted back in 1984 to help slow the growth of property taxes. She said there has not been an increase in the COIT rate since 1989. Councillor Nytes made a presentation on COIT (Exhibit A, attached).

- In 2001 and 2002 there was some increase in revenue generated by COIT, but it has not continued to grow.

Councillor Nytes said in order to have additional revenues to address the public safety and criminal justice challenges it is necessary to take action to remove the freeze on the COIT rate. She said this proposal would increase the rate by one tenth (1/10) of 1%.

COIT Scenarios

- From 2001 to 2005 at 0.7% there has been some reduction in collection of COIT due to a recession at this time.
- Keeping the COIT rate at 0.7% will produce a very slight increase. Not enough to address public safety needs.

- Increasing the rate by 0.1% this year and subsequently increasing by 0.1% in each ensuing year to get to the full 1% that is allowed by state law will produce a significant amount of funds for public safety needs.
- The current law now will delay the distribution to the County but there is a proposed Senate Bill 609 that will allow counties to receive their increase faster than under the current law (line graphic of the two scenarios in Exhibit A).
- A taxpayer that makes \$25,000 a year will pay \$25.00 to contribute to the public safety challenge.

Councillor Nytes referred committee members and the public to a question and answer handout (Exhibit B, attached).

[Clerk's note: Councillor Langsford arrived at 5:15 p.m.]

Councillor McWhirter asked what CEDIT and CAGIT are and how they affect property and income tax. Councillor Nytes said CAGIT is the County Adjusted Gross Income Tax and CEDIT is the County Economic Development Income Tax. She said all the surrounding counties' income tax rates are higher than Marion County. Councillor McWhirter asked whose income is affected by CEDIT and CAGIT. Councillor Nytes said anyone who is working is affected. The difference between the three income taxes is how each is used. She said COIT could be used for public safety, public communication, certain redevelopment bonds, and public transportation. CAGIT can only be used to reduce property taxes and CEDIT can only be used for economic development.

Judge Cale Bradford, then testified stating in 2004, 24% of all legal business in Indiana came through the Marion County Superior Courts, which was addressed with only 14% of the state's judicial resources. He said it is not the judges that are releasing individuals early, it is the under funding of the criminal justice system. Judge Bradford said it is becoming far too common that criminals are failing to appear for court, because they know there are no longer any repercussions for not appearing. He said for the last two years he has been trying to convince the Council to devote more resources to the criminal justice system.

Councillor McWhirter asked if the Criminal Justice Council has developed priorities for the use of additional funding. Judge Bradford replied in the affirmative, explaining the list of priorities requires further debate. Councillor McWhirter asked if Judge Bradford would be comfortable supporting an increase in COIT if the money went somewhere other than the courts. Judge Bradford said he is not supporting this proposal to get money for the judges, but to get funding for any aspect of the judicial system.

Councillor McWhirter asked if there would be an opportunity to lower the rate if the COIT were raised to the full 1%. Councillor Nytes replied in the affirmative.

Judge William Young said he is pleased to support this proposal. The challenges facing public safety are important to all citizens of Marion County. He said due to the lack of adequate funding, he released all five of the criminals that later committed murder, and he has to live with that everyday. Judge Young said it is important to understand that we are funding a system that has grown without any increases to pay for the growth. He said he believes citizens would be more willing to accept the increase in COIT if they know that the money will be used for public safety in order to make their communities safer. Judge Young said the increased funds generated must go to, and stay with, public safety. He said his concern is the split in COIT in which part of the fund goes to the county and the other part goes to the city. Judge Young said the County bears a lot of the responsibility of public safety, and there should be some consideration on reallocating the split.

Councillor Plowman asked if Judge Young has given any consideration to not letting inmates out of jail early. Judge Young said he has thought about it; unfortunately, it is unconstitutional to hold more than a certain number of inmates in a jail. He said he took an oath to uphold the constitution. Councillor Plowman asked what the penalty would be if no inmates were released. Judge Young said if the county should go over the cap, there will be fees, and he could be challenged for not doing his job. Councillor Plowman asked if the fine is \$40.00 per inmate. Judge Young replied in the affirmative and said it can increase.

Councillor Brown said the problem is not just a \$40.00 a day inmate issue but a problem with the court system, the public defender's office, the prosecutor's office, etc. Judge Young said a public defender or prosecutor who has over the maximum caseload cannot give each case the attention it deserves.

Councillor Nytes said it is important that the taxpayer understands that the Council is not asking for more money without looking at every other aspect first. She said in deciding to the split in COIT, the Council responds to both the city's and the county's requests and needs. She said the COIT split is not an issue. The issues is how the Council responds to the priorities. Councillor Nytes said any new revenue coming out of this proposal would be used for public safety and criminal justice.

Councillor Langsford asked how the decision is made as to which criminals are released early. Judge Young said the standards for public safety are lowered and a judge tries to pick the best of the worst.

Councillor Talley added that in addition to the constitutional limit of inmates in a jail, if the number of inmates increases without any action the, correction officer's safety is also in jeopardy.

Councillor Moriarty Adams asked Judge Young to comment on the data a commissioner has to use in the decision process of releasing inmates. Judge Young said they are now

in the process of looking at different types of software that will allow objective studies to be done on inmates that may be at greater risk to commit further crimes if released early and what type of release is beneficial.

Councillor McWhirter said she is still not sure if the Council has looked at all options available to them other than raising COIT. She said there could be some type of user tax developed for people coming into the county, fees charged to criminals, looking into privatizing the jail, and looking at properties in Center Township to make sure the properties still qualify to be tax exempt.

Brain Barton, director of Community Correction, said he is in support of this proposal. He said his first job in the criminal justice system was to seek out inmates that could be eligible for early release. The mass releases that the county does today were not even consider ten years ago. Mr. Barton said the criminal justice system has talented folks that work in the system, but the majority of their suggestions requires funding and cannot be done without proposals such as Proposal No. 44, 2005.

Councillor Plowman asked how much money would be raised by the 0.1% increase in COIT. Chair Sanders said estimates for a year are between \$13 and \$15 million. Because the first year will only be six-month period, it would be about \$6.5 to \$7 million.

Dave Cook, Chief Public Defender, said he is in support of this proposal, because the criminal justice system is about to breakdown and is in desperate need of additional resources.

Councillor McWhirter asked about the \$50.00 fee discussed in the Public Safety Committee meeting. Mr. Cook said state legislation is needed in order to enact an administrative fee.

Councillor Moriarty Adams asked how many more public defenders are needed. Mr. Cook said 1 or 2 full time public defenders for each one of the courts.

Councillor Brown asked how many public defenders are available now. Mr. Cook said there are 92 full time public defenders and 30 or 40 part-time public defenders. Councillor Brown asked what the average caseload is. Mr. Cook said in the misdemeanor courts the average caseload can be over 1500 a year and in major felony courts the average caseload can be about 120 a year.

Mr. Clifford stated on behalf of Mayor Peterson, he is supportive of the increase in COIT as long as the funds go to the criminal justice and public safety arena.

Dan Jones, Deputy Auditor, said the county is continuously looking for better ways of doing business. He said the big problem the county has run into with the criminal justice

system is the redefining of the largest revenue source to the county, which is the property tax.

Chair Sanders asked if the auditor can reassure that the proper information on the proposed ordinance will go out to excluded cities and other representatives of the County Tax Council in a timely matter. Mr. Jones gave assurance to the committee.

Councillor Moriarty Adams asked for further details on the assessed valuation. Mr. Jones said the assessed valuation is remaining flat and the outcome has a lot to do with how the inventories are being assessed. He said in 2007 the inventory tax will be completely phased out. The remaining impact to Marion County will be another \$6 million worth of levy. He said there will have to be another type of revenue to replace the existing revenue or the cost will come back on the property owners.

Councillor Nytes said the county has a lot of frustration because officials do not have fiscal home rule, so when officials want to put a fee in place to help offset some of the cost of government, they do not have the authority.

Judge Mark Stoner, said there is no question that the system is broken and the county is at a crisis. He said in one day he has heard 92 cases and the county should not say it is providing a fair justice system under these conditions. He said this is not a political problem and should not be treated as a political issue.

Councillor Plowman asked what would happen with the COIT increase the next two years. Chair Sanders said there has not been in depth discussions on the next two years. She said one of the things the Council is looking for is recommendation from the Criminal Justice Planning Commission. Councillor Plowman made a suggestion on raising the fee on parking tickets to \$50.00 instead of \$15.00. He said other cities like Chicago charge \$50.00 a parking ticket.

Councillor Nytes said the Council needs to explore any suggestions that are given. She said the city and county have tried very hard to identify grant funds to provide for public safety.

Councillor McWhirter asked when the proposed increase revenue from COIT would come to the county. Councillor Nytes said if the Council approves this action the money would start being collected July 1, 2005 and the following January the money would start coming back to the County. She said the reason for Senate Bill 609 is to change the time and method of distribution to eliminate hardship to the counties. Under current law the state estimates the amount of funds going back to the counties by the tax returns of citizens, which they do not receive until April.

Councillor Brown said public safety needs to see a bipartisan effort in order to improve the current challenge that is facing the county.

Mr. Clifford said \$8 million is being transferred out of the city's budget to pay for county bills and the city cannot continue to spend the fund balance. He said in 2005 they are already looking at cuts to make it through the budget.

Chair Sanders said the committee will be having a second hearing on Proposal No. 44, 2005, Wednesday, February 16, 2005 at 7:00 p.m.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 6:48 p.m.

Respectfully submitted,

Joanne Sanders, Chair
Administration and Finance Committee

JS/as

